

**ANNUAL
REPORT**

**DETROIT and MACKINAC
RAILWAY COMPANY**

For The Year Ended December 31, 1952

DETROIT AND MACKINAC RAILWAY COMPANY

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

CHARLES A. PINKERTON, JR.	East Tawas, Mich.
ANDREW L. CHILDS.	New York, N. Y.
STANLEY E. LAWFER.	Allentown, Pa.
J. F. HIGGINS.	New York, N. Y.
R. W. PIEPKORN.	Alpena, Mich.

OFFICERS

CHARLES A. PINKERTON, JR.	
President and General Manager.	Tawas City, Michigan
N. W. SALSBERY	
Secretary and Treasurer	Tawas City, Michigan
A. J. SEVENER	
Auditor	Tawas City, Michigan
R. W. HICKEY	
Assistant to General Manager	Tawas City, Michigan
E. S. HARRIS	
Superintendent	Alpena, Michigan
W. T. YAKE	
General Freight Agent	Tawas City, Michigan
CARL R. HENRY	
General Counsel	Alpena, Michigan

FISCAL AND TRANSFER AGENTS

J. P. Morgan & Company.	New York, N. Y.
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REGISTRAR OF STOCK

The Hanover Bank	New York, N. Y.
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ANNUAL MEETING

The last Tuesday in April is the date of
Annual Meeting of Stockholders

GENERAL OFFICE.	TAWAS CITY, MICHIGAN
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JOE C. TREPANIER
CERTIFIED PUBLIC ACCOUNTANT
LAFAYETTE BUILDING
DETROIT 26, MICHIGAN

To The Stockholders and Board of Directors of
Detroit and Mackinac Railway Company
Tawas City, Michigan

We have examined the Statements of Financial Condition of the Detroit and Mackinac Railway Company, Tawas City, Michigan, and its wholly owned subsidiary, Mackinac Truck Lines, Inc., as at December 31, 1952, and the related Statements of Income and Earned Surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the position of the Detroit and Mackinac Railway Company and its wholly owned subsidiary, Mackinac Truck Lines, Inc., at December 31, 1952, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles prescribed by the Interstate Commerce Commission and the Michigan Public Service Commission.

JOE C. TREPANIER,
Certified Public Accountant

TO THE SHAREHOLDERS: —

On behalf of the Board of Directors the annual report of the Detroit and Mackinac Railway for the year 1952 is herewith submitted.

In the succeeding narrative and statistical data, an endeavor has been made to present a brief, yet concise and comprehensive insight into the activities of your company during the past year.

Needless to say, the company is indebted to the collective efforts of its loyal officers and employees whose effective service contributed greatly to the successful operation of the property.

Very truly yours,

CHARLES A. PINKERTON, JR.

President and General Manager

Tawas City, Michigan

March 1, 1953

THE YEAR IN REVIEW

Financial Results Simplified Income Account and Balance Sheet for 1952

	Year 1952	Year 1951	Increase I Decrease D
INCOME —			
Freight -----	\$1,981,271.84	\$2,498,299.83	\$ 517,027.99 D
Passenger -----	2,057.60	854.80	1,202.80 I
Other Transportation Revenues ----	42,906.11	85,987.68	43,081.57 D
Other Income -----	46,746.76	38,966.87	7,779.89 I
TOTAL -----	\$2,072,982.31	\$2,624,109.18	\$ 551,126.87 D
OUTGO —			
Wages -----	\$ 832,443.48	\$ 781,695.01	\$ 50,748.47 I
Fuel -----	28,605.78	40,910.66	12,304.88 D
Materials and Supplies -----	285,679.40	414,706.49	129,027.09 D
Railway Tax Accruals other than Federal Income Tax -----	121,348.78	98,625.18	22,723.60 I
Rental of Equipment -----	31,484.41 Cr.	80,472.04 Dr.	111,956.45 D
Interest on Debt -----	73,321.04	68,258.89	5,062.15 I
Depreciation Charges -----	140,764.66	139,428.92	1,335.74 I
Other Operating and Non-Operating Expenses -----	152,515.49	187,948.47	35,432.98 D
TOTAL -----	\$1,603,194.22	\$1,812,045.66	\$ 208,851.44 D
Net Income before Federal Income Tax -----	\$ 469,788.09	\$ 812,063.52	\$ 342,275.43 D
Federal Income Tax Accruals ----	171,038.46	499,232.77	328,194.31 D
NET INCOME -----	\$ 298,749.63	\$ 312,830.75	\$ 14,081.12 D

Income for 1952 was earned and spent as follows:

<u>EARNINGS</u>	<u>Cents</u>	<u>DISPOSITION</u>	<u>Cents</u>
Products of Agriculture -----	2	Wages -----	40
Animals and Products -----	1	Materials and Fuels -----	15
Products of Mines -----	44	Taxes -----	14
Products of Forests -----	6	Depreciation -----	7
Products of Manufacturers ----	42	Other Expenses -----	7
Net Equipment Rents -----	2	Interest -----	4
Other Transportation Revenue	2	Net Income -----	13
Other Service -----	1		
TOTAL -----	100	TOTAL -----	100

BALANCE SHEET

<u>Assets —</u>	
Road Property and Equipment, less depreciation -----	\$7,703,163.93
Sinking Funds -----	1,064,749.25
Miscellaneous Property -----	49,873.53
Cash -----	158,444.12
Government Securities -----	98,594.68
Materials and Supplies -----	182,375.94
Other Assets -----	244,098.59
TOTAL ASSETS -----	\$9,501,300.04
<u>Liabilities —</u>	
Equipment Obligations -----	\$1,150,985.21
Accounts and Wages Payable -----	102,258.36
Accrued Taxes -----	245,172.64
Other Liabilities -----	212,691.50
Bonded Indebtedness -----	1,086,000.00
Capital Stock and Surplus —	
Capital Stock -----	2,950,000.00
Surplus -----	3,754,192.33
TOTAL LIABILITIES -----	\$9,501,300.04

For the year 1952, the net earnings of your company after taxes amounted to \$298,749.63, which was a reduction of \$14,081.12 from 1951. These earnings were allocated during the year as follows:

1. Payment on Equipment Obligations -----	\$ 211,429.56
2. Retirement of Funded Debt -----	5,796.25
3. Capital Improvements to Property -----	243,744.00
4. Dividend Payments to Preferred Stockholders -----	19,000.00
Total -----	\$ 479,969.81

It will be readily noted that the expenditures for the above purposes exceeded net earnings.

Our Gross Income dropped substantially from 1951's record high although earnings continued above the two million dollar mark. Further inroads into freight traffic made by competitive highway and water modes of transportation were largely responsible for the decrease.

Decreased carloadings of such commodities as gypsum, limestone and gravel gave \$185,000 less revenue than the preceding year. Printing paper, newsprint and pulpboard brought \$82,000 less; wood pulp was down \$64,000; scrap paper dropped \$60,000; pulpwood and forest products declined \$50,000; and a slackening in plasterboard shipments resulted in \$48,000 less revenue for the line.

Although 1952 showed a mild increase in passenger revenue, this income was derived from a single snow train excursion and contributed little to total revenues.

One Rate Increase granted in May earned \$80,000 in additional revenue, however, this amount could not compensate for the decreased level of business activity.

Expenses Were Somewhat Lower Than in 1951. This was commensurate with the 1952 business volume and yet was accomplished in spite of \$50,000 additional wages paid during the year as compared with 1951. Wage increases and over \$18,000 in retroactive pay to train-service employees accounted for the higher labor costs.

The heretofore unprecedented application of the Michigan franchise tax to railroads during 1952 accounted for an approximate \$12,000 increase in railway tax accruals other than Federal income tax.

Progress, Rehabilitation and Improvement of your railroad property was continued during the year. One hundred new steel box cars were purchased from General American Transportation Corporation during March. An initial payment of \$127,183 was made on this equipment whose total cost was \$622,983. Another capital expenditure included \$13,479 for a Federal Farnsworth space radio communication system. This new installation will aid operational efficiency on the line. Remodeling and improvements to station and shop buildings required an expenditure of \$32,682. Other miscellaneous capital improvements and acquisitions totaled \$70,400.

Equipment and miscellaneous road retirements completed during the year totaled \$82,340.

The revision of the Bay City enginehouse into a warehouse permitted the inauguration of an l. c. l. freight handling system in connection with your company's wholly-owned subsidiary, Mackinac Truck Lines, Inc. This system utilizes movement of highway vans on flat cars and has resulted in improved service through the reduction of terminal delays and freight handling. While many car-load commodities showed a decline, l. c. l. revenue increased slightly above 1951. An intensive agents' l. c. l. freight solicitation program, which was followed during the year with the purpose of improving the road's relationship with shippers and consignees on a grassroots level in communities along the line, aided in promoting this service.

Economic Development efforts, begun in 1951 under a long-range plan to assist the expansion of northeastern Michigan's economy and ultimately increase rail business potential, were continued during the year. Out of 34 prospective companies showing interest in the region, four were placed on our line. Several other companies are giving consideration to industrial locations on the line and the year 1953 may find additional plants established in the area.

Allocation of Net Income for payment of such obligations as retirement of funded debt, deferred payment equipment contracts and capital improvements to property exceeded the net earnings by \$181,220.

TABLE A

DETROIT AND MACKINAC RAILWAY COMPANY

CONDENSED GENERAL BALANCE SHEET AS OF DECEMBER 31, 1952, AND COMPARISON WITH
DECEMBER 31, 1951

ASSETS			
Investments:—		Increase	Decrease
Investment in Road and Equipment	\$8,535,130.00	\$657,203.78	
Less Accrued Depreciation:			
Road	\$197,285.29		
Equipment	627,369.02	78,508.67	
Net Investment	7,710,475.69	578,695.11	\$ 500.00
Less Donations and Grants, Cr.	7,311.76		
Miscellaneous Physical Property	49,873.53	500.97	
Sinking Funds	1,064,749.25	262,951.63	
Investments in Affiliated Companies	25,000.00		
Other Investments	1,488.00	1,258.00	
Total Investment Less Depreciation	\$8,844,274.71	842,905.71	
Current Assets:—			
Cash	\$ 158,444.12	46,075.70	
Temporary Cash Investments	98,594.68	405,542.82	
Special Deposits	26,960.00	18,260.00	
Loans and Bills Receivable	—	10,000.00	
Net Balances Receivable from Agents	50,231.76	15,320.31	
Miscellaneous Accounts Receivable	36,494.31	44,045.56	
Materials and Supplies	182,375.94	479.62	
Interest and Dividends Receivable	—	26.64	
Accrued Accounts Receivable	33,771.64	9,999.23	
Other Current Assets	32,555.13	32,386.83	
Deferred Assets:—			
Working Fund Advances	\$ 545.78	429,244.73	
Insurance and Other Funds	—		
Other Deferred Assets	19,500.00		
Unadjusted Debits:—			
Prepayments	\$ 7,352.55	5,747.69	942.07
Other Unadjusted Debits	10,199.42	4,805.62	
			\$331,456.60
			\$9,501,300.04

TABLE A—(Continued)

LIABILITIES

		Increase	Decrease
Capital Stock:—			
Common Stock -----	\$2,000,000.00		
Preferred Stock -----	950,000.00		
	<u>\$2,950,000.00</u>		
Long-Term Debt:—			
First Lien Bonds -----	679,000.00		\$ 5,000.00
Mortgage Bonds -----	\$907,000.00		
Held in Treasury -----	500,000.00		
Outstanding -----	407,000.00	284,370.44	3,000.00
Equipment Obligations -----	1,150,985.21		
	<u>2,236,985.21</u>	276,370.44	
Current Liabilities:—			
Traffic and Car Service Balances Payable -----	75,996.71	66,238.98	75,689.04
Audited Accounts and Wages Payable -----	102,258.36		
Miscellaneous Accounts Payable -----	26,296.63	391.12	
Interest Matured Unpaid -----	7,960.00		740.00
Unmatured Interest Accrued -----	3,620.00		26.67
Unmatured Dividends Declared -----	19,000.00	19,000.00	
Accrued Accounts Payable -----	12,749.71		14,438.65
Other Current Liabilities -----	27,495.36	18,846.85	
Taxes Accrued -----	44,563.67	274.00	
Accrued Federal Income Tax Payable -----	200,608.97		258,814.17
	<u>520,549.41</u>		244,957.58
Deferred Liabilities:—			
Unadjusted Credits:—			
Corporate Surplus:—			
Earned Surplus-Appropriated -----	2,932,140.74	17,757.63	
Earned Surplus-Credit Balance -----	822,051.59		
	<u>3,754,192.33</u>	282,988.91	
	<u>\$9,501,300.04</u>	<u>\$331,456.60</u>	

TABLE B

DETROIT AND MACKINAC RAILWAY COMPANY

INCOME ACCOUNT FOR YEAR ENDING DECEMBER 31, 1952

COMPARED WITH YEAR ENDING DECEMBER 31, 1951

OPERATING REVENUES:—

	1952	Increase	Decrease
Freight -----	\$1,981,271.84		\$ 517,027.99
Passenger -----	2,057.60	1,202.80	
Baggage -----	—		9.32
Mail -----	—		10,023.54
Express -----	50.00		100.00
Other Passenger Train -----	—		532.35
Milk -----	—		358.37
Switching -----	32,932.94	4,269.26	
Storage — Freight -----	195.76		199.87
Demurrage -----	6,296.00		35,641.00
Rents of Buildings and Other Property -----	2,461.36	130.92	
Miscellaneous -----	970.05		617.30

Total Operating Revenues	\$2,026,235.55		\$ 558,906.76
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OPERATING EXPENSES:—

Maint. of Way and Structures -----	\$ 533,457.81		\$ 140,819.50
Maintenance of Equipment -----	245,617.81		3,724.49
Traffic -----	52,533.07	\$ 5,966.17	
Transportation -----	461,830.85		6,821.84
General -----	139,143.42	19,813.36	

Total Operating Expenses	\$1,432,582.96		125,586.30
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Net Operating Revenue -----	593,652.59		433,320.46
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Railway Tax Accruals (see note) -----	292,387.24		305,470.71
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Railway Operating Income -----	\$ 301,265.35		127,849.75
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Miscellaneous Rent Income ---	9,936.11	2,485.77	
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Income from Non-Operating Property -----	6,176.77	5,090.24	
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Interest Income -----	5,373.07		1,864.42
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Miscellaneous Income -----	323.17		88.83
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Income from Sinking Funds --	24,818.30	2,384.94	
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Equipment Rents, Cr. -----	31,484.41	111,956.45	
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Joint Facility Rents -----	119.34		227.81
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Total Income -----	\$ 379,496.52		8,113.41
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Miscellaneous Rents -----	66.00		364.00
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Miscellaneous Tax Accruals --	1,165.67		8.62
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Interest on Funded Debt -----	73,321.04	5,062.15	
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Miscellaneous Income Charges	6,194.18	1,278.18	
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Net Income -----	\$ 298,749.63		\$ 14,081.12
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Dividend Appropriations of Income -----	19,000.00	19,000.00	
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Balance of Income to Earned Surplus -----	\$ 279,749.63		
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Note—Federal Income Tax:—			
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Assessment 1949 -----	\$ 2,650.95		
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1952 Normal Tax -----	121,570.34		
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1952 Surtax -----	79,038.63		
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Excess Profits Tax			
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Carry Back to 1951, Cr. -----	\$ 32,221.46		
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Other Tax Accruals -----	\$ 121,348.78		
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TABLE B—(Continued)
DETROIT AND MACKINAC RAILWAY COMPANY

EARNED SURPLUS — UNAPPROPRIATED

Credit Balance, January 1, 1952 -----		\$ 750,492.24
Credit Balance Transferred from Income -----		279,749.63
Miscellaneous Credits -----		12,094.79
Miscellaneous Debits -----	\$ 8,855.51	
Miscellaneous Appropriations of Surplus -----	211,429.56	
Credit Bal. Carried to Bal. Sheet Dec. 31, 1952	822,051.59	
	<u>\$1,042,336.66</u>	<u>\$1,042,336.66</u>

TABLE C
PARTICULARS OF BONDED DEBT

Class of Bonds	Amount Outstanding 12/31/52	INTEREST		Interest Accrued During Year	Principal Due
		Rate	When Payable		
First Lien	\$ 679,000.00	4%	June and December	\$ 27,233.98	June 1, 1995
Mort.	407,000.00	4%	June and December	\$ 16,270.35	June 1, 1995
	\$1,086,000.00			\$ 43,504.33	

SCHEDULE C-1

DETROIT AND MACKINAC RAILWAY COMPANY

SCHEDULE OF EQUIPMENT OBLIGATIONS

Equipment Covered	Date of Purchase	Cost	Initial Payment	Interest Rate	Annual Payment	Balance Due 12/31/52	Date of Maturity
Locomotives:							
5 Diesel-Electric Road Switching Locomotives	Dec. 1946	\$ 602,300.00	\$ 60,230.00	2¼ %	\$ 54,207.00	\$ 211,374.00	Dec. 1956
1 Diesel-Electric Road Switching Locomotive	Feb. 1948	129,498.00	29,498.00	2¼ %	9,999.96	50,833.13	Feb. 1958
1 Diesel-Electric Switching Locomotive	July 1946	59,750.00	5,975.00	2¼ %	5,377.44	18,821.04	July 1956
Cars:							
200 Steel Box Cars and 25 Steel Gondola Cars	Feb. 1947	862,868.25	86,287.25	2¼ %	77,658.00	319,274.58	Feb. 1957
25 Open-Top Steel Hopper Cars	June 1948	99,675.00	25,375.00	2¼ %	7,429.92	40,246.20	June 1958
10 Covered Steel Hopper Cars	Feb. 1949	60,966.60	17,716.60	2¼ %	4,325.04	26,310.26	Feb. 1959
100 Steel Box Cars	Mar. 1952	622,982.85	127,182.85	2¾ %	49,579.92	454,483.40	Mar. 1962
Work Equipment:							
1 Diesel-Electric Crane	Aug. 1950	61,754.45	6,175.45	2¼ %	11,115.60	29,642.60	Aug. 1955
		<hr/>	<hr/>		<hr/>	<hr/>	
		\$2,499,795.15	\$ 358,440.15		\$ 219,692.88	\$1,150,985.21	

TABLE D

DETROIT AND MACKINAC RAILWAY COMPANY

COMPARATIVE FINANCIAL STATEMENT

Current Assets:—	Dec. 31, 1952	Dec. 31, 1951
Cash	\$ 158,444.12	\$ 204,519.82
Special Funds	125,554.68	512,837.50
Due from Station Agents and Others	153,052.84	149,418.67
Materials and Supplies	182,375.94	181,896.32
Prepaid and Deferred Charges	27,398.33	107,055.78
Other Unadjusted Debits	10,199.42	12,746.35
Totals	\$ 657,025.33	\$1,168,474.44
Less Current Liabilities:—		
Audited Vouchers and Pay Rolls	\$ 102,258.36	\$ 177,947.40
Accrued Taxes, Interest and Traffic Balances ..	418,291.05	587,559.59
Totals	\$ 520,549.11	\$ 765,506.99
Net Current Assets	\$ 136,475.92	\$ 402,967.45
Capital Assets:—		
Cost of Road	\$5,834,623.32	\$5,807,461.85
Cost of Equipment	2,700,506.68	2,070,464.37
Miscellaneous Physical Property	49,873.53	49,372.56
Sinking Funds and Investments	1,091,237.25	827,027.62
Totals	\$9,676,240.78	\$8,754,326.40
Representing:—		
Bonds Issued — First Lien	\$ 679,000.00	\$ 684,000.00
Bonds Issued — Mortgage	407,000.00	410,000.00
Stock Issued — Common	2,000,000.00	2,000,000.00
Stock Issued — Preferred	950,000.00	950,000.00
Equipment Obligations	1,150,985.21	866,614.77
Reserves	824,654.31	746,145.64
Grants in Aid of Construction	7,311.76	6,811.76
Other Unadjusted Credits	39,573.09	22,518.26
Appropriated Surplus	2,932,140.74	2,720,711.18
Earned Surplus — Unappropriated	822,051.59	750,492.24
Totals	\$9,812,716.70	\$9,157,293.85

TABLE E
DETROIT AND MACKINAC RAILWAY COMPANY

REVENUES AND EXPENSES BY YEARS

REVENUES	1952 Amount	Per Cent	1951 Amount	Per Cent	1950 Amount	Per Cent
Freight -----	\$1,981,271.84	97.78	\$2,498,299.93	96.64	\$2,102,342.52	94.18
Passenger -----	2,057.60	.11	854.80	.03	7,525.52	.34
Mail -----	—		10,023.54	.39	74,945.78	3.36
Express -----	50.00		150.00	.01	7,168.98	.32
Milk -----	—		358.37	.01	2,527.64	.11
Other Sources -----	42,856.11	2.11	75,455.77	2.92	37,849.68	1.69
Total -----	\$2,026,235.55	100%	\$2,585,142.31	100%	\$2,232,360.12	100%
EXPENSES						
Maintenance of Way and Structures -----	\$ 533,457.81	37.24	\$ 674,277.31	43.27	\$ 375,337.30	32.43
Maintenance of Equipment -----	245,617.81	17.15	249,342.30	16.00	235,693.95	20.37
Traffic -----	52,533.07	3.67	46,566.90	2.99	26,344.01	2.28
Transportation -----	461,830.85	32.24	468,652.69	30.08	420,952.95	36.37
General -----	139,143.42	9.70	119,330.06	7.66	99,005.57	8.55
Total -----	\$1,432,582.96	100%	\$1,558,169.26	100%	\$1,157,333.78	100%
Operating Ratio -----		70.70%		60.27%		51.84%
Net Operating Income -----	\$ 593,652.59	29.30	\$1,026,973.05	39.73	\$1,075,026.34	48.16
Taxes -----	292,387.24	14.43	597,857.95	23.13	470,746.00	21.09
Net Operating Income Less Taxes -----	\$ 301,265.35	14.87	\$ 429,115.10	16.60	\$ 604,280.34	27.07

TABLE F

DETROIT AND MACKINAC RAILWAY COMPANY

OPERATING EXPENSES
1952 COMPARED WITH 1951

MAINTENANCE OF WAY AND STRUCTURES

	Amount	Increase	Decrease
Superintendence -----	\$ 39,704.35	\$ 3,330.99	
Roadway Maintenance -----	20,881.78		\$ 9,365.76
Bridges, Trestles and Culverts -----	15,744.41		47,533.29
Ties -----	140,913.43		73,630.66
Rails -----	988.43 Cr.		16,104.56
Other Track Material -----	20,013.95		7,664.07
Ballast -----	20,742.62	17,153.46	
Track Laying and Surfacing -----	155,432.71	12,433.10	
Fences, Snowsheds and Signs -----	11,028.49		4,412.37
Station and Office Buildings -----	13,843.35		13,218.24
Roadway Buildings -----	712.51		644.62
Fuel Stations -----	94.58		745.73
Shops and Enginehouses -----	37,361.27	28,344.68	
Telegraph and Telephone Lines -----	3,046.63		4,290.00
Signals and Interlockers -----	1,224.57	134.14	
Road Property — Depreciation -----	33,089.69	1,327.69	
Retirements — Road -----	2,651.39	571.41	
Roadway Machines -----	8,101.95	2,834.44	
Dismantling Retired Road Property -----	1,925.21	181.37	
Small Tools and Supplies -----	6,486.53		1,196.45
Removing Snow, Ice and Sand -----	8,096.77		6,642.24
Public Improvements, Maintenance -----	4,709.86	1,640.00	
Injuries to Persons -----	674.61		.60
Insurance -----	3,792.06	745.80	
Stationery and Printing -----	782.60	88.05	
Other Expenses -----	4,473.78		2,820.00
Maintaining Joint Tracks, Yards and Other Facilities — Dr. -----	527.39		47.96
Maintaining Joint Tracks, Yards and Other Facilities — Cr. -----	21,610.25 Cr.		21,288.08
Total -----	\$533,457.81		\$140,819.50

TABLE F — (Continued)

MAINTENANCE OF EQUIPMENT

	Amount	Increase	Decrease
Superintendence	\$ 30,432.32	\$ 2,048.31	
Shop Machinery	1,530.30		\$ 587.42
Power Plant Machinery — Depreciation ..	3,361.24		24.58
Other Locomotives — Repairs	28,220.09		8,596.12
Freight-train Cars — Repairs	51,604.03		2,671.10
Passenger-train Cars — Repairs	—		1,770.23
Work Equipment — Repairs	7,062.88	10.62	
Miscellaneous Equipment — Repairs	61.60		898.57
Equipment — Retirements	130.81		63.98
Equipment — Depreciation	104,313.73	32.63	
Injuries to Persons	10,469.10	8,989.10	
Insurance	3,849.35		129.75
Stationery and Printing	224.30	27.34	
Other Expenses	4,471.89		63.14
Maintaining Joint Equipment — Dr.	202.85		19.09
Maintaining Joint Equipment — Cr.	316.68 Cr.		8.51
Total	\$245,617.81		\$ 3,724.49

TRAFFIC

Superintendence	\$ 28,179.73	\$ 6,168.43	
Advertising	2,987.61		\$ 1,292.10
Traffic Associations	2,060.20	208.76	
Industrial & Immigration Bureaus	12,162.69	1,736.31	
Insurance	700.73	138.99	
Stationery and Printing	4,442.05		680.60
Other Expenses	2,000.06		313.62
Total	\$ 52,533.07	\$ 5,966.17	

TRANSPORTATION

Superintendence	\$ 45,296.00	\$ 2,495.67	
Dispatching Trains	5,473.53	185.69	
Station Employees	77,351.34	18.71	
Weighing, Inspection, Demurrage Bureaus	1,188.06	36.80	
Station Supplies and Expenses	5,947.78	2,596.89	
Yardmaster and Yard Clerks	12,701.17	591.96	
Yard Conductors and Brakemen	35,324.32		\$ 8,655.89
Yard Enginemen	26,261.44	2,390.52	
Yard Switching Fuel	3,711.89		2,637.06
Lubricants for Yard Locomotives	240.64		152.30
Other Supplies for Yard Locomotives	107.57		56.85
Enginehouse Expenses — Yard	4,060.33		1,293.41
Yard Supplies and Expenses	1,946.49		182.22

TABLE F — (Continued)

	Amount	Increase	Decrease
Train Enginemen -----	\$ 56,997.99	4,111.55	
Train Fuel -----	24,893.89		9,667.82
Lubricants for Train Locomotives -----	1,518.89		551.96
Other Supplies for Train Locomotives ---	637.13		523.67
Enginehouse Expenses — Train -----	13,464.23	1,013.95	
Trainmen -----	74,589.10		829.71
Train Supplies and Expenses -----	17,332.05	493.02	
Signal and Interlocker Operation -----	260.76	15.18	
Drawbridge Operation -----	3,509.13		267.04
Telegraph and Telephone Operation ----	78.00		76.67
Stationery and Printing -----	4,230.57	70.78	
Other Expenses -----	23,085.93	8,606.32	
Insurance -----	10,251.43	1,135.89	
Clearing Wrecks -----	151.72		893.07
Damage to Property -----	350.00	320.00	
Damage to Live Stock on Right of Way --	—		500.00
Loss and Damage — Freight -----	4,744.78		2,997.47
Injuries to Persons -----	11,097.17		905.95
Opera'g Joint Yards and Terminals — Dr.	6,949.19	78.86	
Opera'g Joint Yards and Terminals — Cr.	9,574.43 Cr.		1,276.80
Opera'g Joint Yards and Facilities — Dr.	177.95	9.45	
Opera'g Joint Tracks and Facilities — Cr.	2,525.19 Cr	474.81.	
Total -----	\$461,830.85		\$ 6,821.84

GENERAL

Salaries and Exp's of General Officers --	\$ 27,914.77	\$ 2,768.99	
Salaries and Exp's of Clerks and Attend's	\$ 51,753.64	3,469.20	
General Office Supplies and Expenses ---	2,377.75	480.69	
Law Expenses -----	29,150.64	17,345.73	
Insurance -----	747.45	156.86	
Pensions -----	4,511.05		543.64
Stationery and Printing -----	4,638.47		1,575.68
Other Expenses -----	18,049.65		2,288.79
Total -----	\$139,143.42	\$ 19,813.36	

SUMMARY

Maintenance of Way, and Structures ----	\$533,457.81		\$140,819.50
Maintenance of Equipment -----	245,617.81		3,724.49
Traffic -----	52,533.07	5,966.17	
Transportation -----	461,830.85		6,821.84
General -----	139,143.42	19,813.36	
Total Operating Expenses -----	\$1,432,582.96		\$125,586.30

TABLE G

DETROIT AND MACKINAC RAILWAY COMPANY

STATEMENT OF MILEAGE OPERATED, DECEMBER 31, 1952

MAIN LINE

North Bay City to Cheboygan	195.10
One-half Undivided Ownership — Foss to North Bay City26

BRANCHES

Omer to AuGres	7.95
Alabaster Junction to Alabaster	4.03
Hillman Junction to Emerson	10.38
Rogers City Junction to Rogers City	14.33
Total	36.69
Total Main Line and Branches	232.05
Yard Tracks and Sidings	44.38
(Includes One-half Undivided Ownership — .29 mi. Cheboygan Yards)	
Total Operated, all Tracks (miles)	277.00

TABLE H

DETROIT AND MACKINAC RAILWAY COMPANY

CLASSIFICATION OF FREIGHT TONNAGE

	1952 Tons	Per Cent	1951 Tons	Per Cent
Products of Agriculture:—				
Grain	1,970	.2	3,203	.2
Flour	1,765	.1	2,826	.2
Other Mill Products	896	.1	145	
Hay and Straw	2,198	.2	651	
Potatoes	331		2,573	.2
Fruits and Vegetables	4,106	.3	1,424	.1
Sugar Beets	7,736	.6	9,491	.6
Other Products of Agriculture	464		5,909	.3
Totals	19,466	1.5	26,222	1.6

TABLE H — (Continued)

	1952 Tons	Per Cent	1951 Tons	Per Cent
Animals and Products:—				
Livestock -----	159		178	
Hides and Leather -----	4,755	.4	3,226	.2
Other Animals and Products -----	1,552	.1	930	.1
Totals -----	6,466	.5	4,334	.3
Products of Mines:—				
Anthracite Coal -----	599		696	
Bituminous Coal -----	39,128	3.1	56,155	3.5
Coke -----	1,444	.1	2,282	.2
Clay, Gravel, Sand and Stone -----	198,360	15.7	386,832	24.2
Other Products of Mines -----	583,822	46.2	561,268	35.0
Totals -----	823,353	65.1	1,007,233	62.9
Products of Forests:—				
Lumber, Shingles and Lath -----	13,002	1.0	12,915	.8
Pulp Wood -----	44,256	3.5	84,480	5.3
Other Products of Forests -----	5,645	.5	9,457	.6
Totals -----	62,903	5.0	106,852	6.7
Manufacturers and Miscellaneous:—				
Refined Petroleum and its Products ---	36,554	2.9	39,404	2.5
Iron, Steel, Machinery, Castings, etc.---	12,956	1.0	14,383	.9
Cement -----	23,473	1.9	34,985	2.2
Brick and Artificial Stone -----	4,237	.3	5,549	.3
Lime and Plaster -----	48,263	3.8	45,645	2.8
Fertilizers (all kinds) -----	4,158	.3	4,560	.3
Newsprint and Printing Paper -----	35,114	2.8	16,732	1.0
Paperboard, Pulpboard & Wallboard ---	147,502	11.7	194,998	12.2
Other Manufacturers & Miscellaneous -	33,453	2.7	94,485	5.9
Totals -----	345,710	27.4	450,741	28.1
All L. C. L. Freight -----	6,163	.5	6,604	.4
Grand Total Carload and L. C. L. Traffic -----	1,264,061	100%	1,601,986	100%

TABLE I
DETROIT AND MACKINAC RAILWAY COMPANY

FREIGHT STATISTICS

	1952	1951
Number tons revenue freight carried-----	1,264,061	1,601,986
Number tons non-revenue freight carried----	39,414	20,309
Total number tons of freight carried-----	1,303,475	1,622,295
Number revenue tons carried one mile-----	88,515,000	130,442,000
Number all tons carried one mile -----	92,465,923	132,032,000
Number of revenue tons carried one mile, per mile of road -----	381,530	562,129
Number tons of all freight carried one mile, per mile of road -----	398,560	568,981
Average distance haul of one ton revenue freight (miles) -----	70.0	81.4
Average distance haul of one ton all freight (miles) -----	70.9	81.4
Total Freight Revenue -----	\$ 1,981,271.84	\$ 2,498,299.83
Average amount received from each ton of freight -----	\$ 1.57	1.56
Average receipts, per ton, per mile -----	\$.02238	\$.01915
Freight revenue, per mile of road -----	\$ 8,539.97	\$ 10,766.21
Freight revenue, per train mile -----	\$ 14.03	\$ 16.39
Aver. number of revenue tons, per train mile	627	1,051
Aver. number of all tons, per train mile----	655	1,064
Aver. number of all tons per loaded car mile	40.9	50.3
Aver. number of cars, per train mile-----	28.1	35.0

OPERATING STATISTICS

Gross revenue from operation-----	\$ 2,026,235.55	\$ 2,585,142.31
Gross rev. from operation, per mile of road--	\$ 8,733.77	\$ 11,140.45
Operating Expenses -----	\$ 1,432,582.96	\$ 1,558,169.26
Operating Expenses, per mile of road -----	\$ 6,174.92	\$ 6,714.80
Net Operating Revenue -----	\$ 593,652.59	\$ 1,026,973.05
Net Operating Revenue, per mile of road----	\$ 2,558.85	\$ 4,425.65
Ratio of expense to earnings -----	70.70%	60.27%

TABLE J

DETROIT AND MACKINAC RAILWAY COMPANY

EQUIPMENT

Locomotives:—

	1952	1951
Diesel — Road Switchers -----	6	6
Diesel — Switching -----	1	1
Totals -----	7	7

Passenger Cars:—

Coaches -----()	2	3
Combination Bagage and Mail -----(see note)	2	2
Baggage and Express Cars -----()	5	5
Express Refrigerators -----	0	3
Totals -----	8	13

Freight Cars:—

Box -----	304	204
Flat -----	4	7
Gondolas -----	25	25
Hoppers — Covered -----	10	10
Hoppers — Open -----	35	41
Caboose Cars -----	5	7
Totals -----	383	294

In Company's Service:—

Officers -----	1	1
Ballast -----	3	3
Flangers -----	9	10
Jordan Spreader -----	1	1
Industrial Crane -----	1	1
Other Company Service Equipment -----	40	33
	55	49

Note:—Passenger cars retired from accounts.

Summary:—

Total Number of Locomotives Owned -----	7	7
Total Number of Cars Owned -----	446	356

SCHEDULE K

DETROIT AND MACKINAC RAILWAY COMPANY

Statement of Tracks Built and Taken Up During Year 1952

TRACKS BUILT

Track Order	Yard Tracks, Sidings, and Spurs	Location	Feet
3657	Lengthen Track 56 -----	Pinconning	808
	Build Track 57 -----	Pinconning	473
3710	Build Track 1 -----	Kerston	318
3726	Lengthen Track 1A -----	N. Bay City	297
3728	Lengthen Track 12 -----	Alpena	92
3748	Lengthen Track 81B -----	National City	21
			<hr/>
			2009

TRACKS TAKEN UP

Track Order	Yard Tracks, Sidings, and Spurs	Location	Feet
3716	Retire Enginehouse Tracks 1 to 16 -----	Tawas Shop	1601
3723	Retire West End Track 26 -----	Tawas Shop	131
	Retire Track 28 -----	Tawas Shop	938
	Retire Track 29 -----	Tawas Shop	820
3728	Retire Part of Track 13 -----	Alpena	62
	Retire Track 14 -----	Alpena	582
3731	Retire Back End Track 87 -----	McIvor	599
3735	Retire Part of Track 1 -----	Tawas Shop	167
3745	Retire Back End Track 64A -----	Alpena	121
			<hr/>
			5021

SUMMARY

Tracks Taken Up -----	5,021
Tracks Built -----	2,009
	<hr/>
Net Retirement -----	3,012 feet or .57 miles

MACKINAC TRUCK LINES, INC

The following schedules "L" and "M" set forth the balance sheet and operating statement of your company's wholly-owned subsidiary truck operation for the year 1952.

SCHEDULE L

MACKINAC TRUCK LINES, INC

BALANCE SHEET

December 31, 1952

Assets

Current Assets:—

Cash in Bank	\$ 1,232.19	\$
Accounts and Notes Receivable	18,702.58	
Material and Supplies	1,994.14	\$ 21,928.91

Operating Property:

Revenue and Lease Equipment	\$ 94,264.63	
Shop, Garage, Service and Other Equipment ---	34,609.08	128,873.71

Other Assets:—

Investments in Affiliated Companies	\$ 5,000.00	
Prepaid Insurance	1,276.95	
Organization Expense	2,998.32	9,275.27
		<u>\$160,077.89</u>

Liabilities and Capital

Current Liabilities:—

Accounts and Notes Payable	\$ 46,085.53	
Other Liabilities	25.80	
Payroll Taxes Payable	739.68	
Federal Income Tax Payable	8,589.91	55,440.92

Reserve for Depreciation	26,732.74
--------------------------------	-----------

Capital:—

Common Stock Issued and Outstanding 250 Shares Par Value \$100.00 a Share ----	25,000.00
---	-----------

Surplus:—	52,904.23
	<u>\$160,077.89</u>

SCHEDULE M

MACKINAC TRUCK LINES, INC

PROFIT AND LOSS STATEMENT

Carrier Operating Revenues:—	-----	\$108,683.69
Carrier Operating Expenses:—	-----	84,328.00
Carrier Operating Income	-----	<u>\$ 24,355.69</u>
Other Income	-----	1,973.46
Net Income, Before Income Tax	-----	<u>\$ 26,329.15</u>
Provision for Federal Income Tax	-----	8,589.91
Net Income for the Year	-----	<u>\$ 17,739.24</u>

OPERATING STATISTICS — YEAR 1952

Equipment Owned:—

Trucks	-----	8
Tractors	-----	11
Trailers	-----	21
Miscellaneous	-----	5
	-----	<u>—</u>
Total	-----	45

BOUND

JUN 5 1953

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